

Message Text

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20

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 L-03 COME-00 H-03 CIAE-00 INR-10

NSAE-00 RSC-01 OPIC-12 OMB-01 TAR-02 TRSE-00 SIL-01

LAB-06 STR-08 FTC-01 INT-08 SS-20 SPC-03 NSC-07 DRC-01

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R 121006Z APR 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 3366

UNCLAS THE HAGUE 1869

E.O. 11652: N/A

TAGS: EFIN, EIND, NL

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: (A) STATE 53993

(B) HAGUE A-68 OF APRIL 6, 1973

1. RELIABLE ESTIMATES ON BOOK VALUE OF FOREIGN DIRECT INVESTMENT IN NETHS ARE NOT AVAILABLE.

2. UK, BELGIUM, AND FRG, IN THAT ORDER, ARE LARGEST INVESTORS IN NETHS AFTER US, ACCORDING TO MINFIN SOURCES. DUTCH CENTRAL BANK RECORDS (QUARTERLY STATISTICS, 1973 NO. 1) REFLECT NET DIRECT INVESTMENT INFLOWS FROM THESE COUNTRIES FOR PERIOD 1962 THROUGH 1972 AS FOLLOWS (IN MILLIONS OF GUILDERS)

(A) UK: 2325

(B) BELGIUM: 962

(C) FRG: 1148

3. EMBASSY WILL REPORT BY SEPTTEL ESTMATES OF NET WORTH OF INVESTMENTS FROM THESE AREAS IF WE CAN OBTAIN THEM FROM THEIR EMBASSIES HERE.

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4. FOLLOWING ARE SUGGESTED CHANGES TO NARRATIVE STATEMENT PREV-

IOUSLY SENT DEPARTMENT UNDER COVER OF REF (B) (NOTE: EMBASSY IS ALSO POUCHING TYPE-WRITTEN COPY OF FULL REVISED STATEMENT):

(A) IN FIRST PARA, DELETE LAST SENT
("MOREOVER, AMERICAN AS DUTCH BUSINESS")

(B) DELETE ENTIRE TEXT AFTER THIRD PARA AND REPLACE BY FOLLOW-
ING TEXT:

"RECENT DEVELOPMENTS

A BILL, WHICH, THROUGH A SELECTIVE SYSTEM OF LICENSES AND TAXES, IS AIMED AT DISCOURAGING ENVIRONMENTALLY OBJECTIONABLE INDUSTRIAL GROWTH IN THE ALREADY SATURATED (BUT STILL DESIRABLE) WESTERN PART OF THE COUNTRY, HAS PASSED PARLIAMENT. HOWEVER, THE ROYAL DECREE NECESSARY TO BRING THE LAW INTO FORCE WILL LIKELY NOT BE PROMULGATED UNTIL LATE 1974, IF THEN, BECAUSE OF THE PREVAILING ECONOMIC UNCERTAINTIES. WITH BUDGETS UNDER PRESSURE, TAX INCREASES ARE NOT INFREQUENT. THE TAX BURDEN AND SOCIAL PREMIUMS TOGETHER WILL EXCEED 50 PERCENT OF NATIONAL INCOME IN 1974.

IN LATE 1973, BECAUSE OF THE ENERGY SITUATION, THE GOVERNMENT WAS GRANTED EXTRAORDINARY POWERS TO REGULATE THE ECONOMY. THESE POWERS, DUE TO EXPIRE AT END OF 1974, HAVE BEEN USED WITH DISCRETION. THEY HAVE BEEN USED, FOR EXAMPLE, TO REGULATE PRICES AS WELL AS WAGES POLICY AFTER THE FAILURE, IN EARLY 1974, OF THE TRADITIONAL INDUSTRY-LABOR-GOVERNMENT NEGOTIATIONS. AVERAGE WAGES ARE EXPECTED TO RISE 14.5 PERCENT THROUGH 1974, WITH A RISE OF SIMILAR MAGNITUDE LIKELY IN 1975. DESPITE LABOR UNION MILITANCY, STRIKES WERE INFREQUENT THROUGH 1973. TWO OF THE THREE LARGE LABOR FEDERATIONS, THE CATHOLIC NKV AND THE SOCIALIST NVV, MERGED IN EARLY 1974.

MULTINATIONAL FIRMS AND THEIR IMPACT ON THE ECONOMY HAVE BECOME SUBJECT OF INCREASING INTEREST TO THE GOVERNMENT. HOWEVER, THE DUTCH HAVE A DEEP APPRECIATION OF THE BENEFITS THAT ACCRUE TO THEM FROM FOREIGN INVESTMENT IN THEIR COUNTRY. U.S. INVESTORS CAN THEREFORE EXPECT TO CONTINUE RECEIVING THE SAME EVEN-HANDED NATIONAL TREATMENT WHICH THEY HAVE BEEN TRADITIONALLY ACCORDED."

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Message Attributes

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Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
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